

# EXHIBIT

# 4

**From:** Schultz, Theresa A. (CMS/OAGM)  
**Sent:** Tuesday, December 17, 2013 10:14 PM  
**To:** Downs, Tanette N. (CMS/CPI); Majestic, Mark (CMS/CPI); Brown, Sonja J. (CMS/CPI); Thomas, India M. (CMS/CPI)  
**Cc:** Collins, Pamela K. (CMS/OAGM); Hoey, Nicole E. (CMS/OAGM); Menefee, Justin (CMS/OAGM); Schultz, Theresa A. (CMS/OAGM)  
**Subject:** FW: RAC D  
**Importance:** High



Another matter of negotiation for the Part D RAC contract was regarding the period of performance. ACLR believed that it should be entitled to an extension of the option periods equal to the extension of the base period. In other words, we extended the base period for 2 years.

The original contract was awarded as a one year base and four optional periods. Since there were so many issues with the PWS and since the revised SOW was not yet finalized, we extended the Base several times, which amounted to a total base period of 3 years. The modifications were silent on the option periods.

	As Awarded	Actual
Base	1/13/11 - 1/12/12	1/13/11 - 12/31/13
OY1	1/13/12 - 1/12/13	not stated
OY2	1/12/13 - 1/12/14	not stated
OY3	1/12/14 - 1/12/15	not stated
OY4	1/12/15 - 1/12/16	not stated

Now that we are close to finalizing the SOW and exercising the first option period, ACLR has told us that they were under the impression that they would still get 4 optional periods. In other words, they were of the understanding that the contract would be extended for two additional option years, such as:

	As Awarded	ACLR Understanding
Base	1/13/11 - 1/12/12	1/13/11 - 12/31/13
OY1	1/13/12 - 1/12/13	1/1/14 - 12/31/14
OY2	1/12/13 - 1/12/14	1/1/15 - 12/31/15
OY3	1/12/14 - 1/12/15	1/1/16 - 12/31/16
OY4	1/12/15 - 1/12/16	1/1/17 - 12/31/17

We were not of the same understanding as ACLR. After several conversations with them about the option periods, we consulted OGC. ACLR had cited the "government delay of work" clause as the justification for extending the period. [REDACTED]

[REDACTED] Our concern has always been that this contract was awarded with the acceptance of the PWS, but the reality is that we never authorized the contractor to perform IAW the PWS. [REDACTED]

We believe, at a minimum, we should have two additional options and then another year for administrative and payment purposes. Below are two potential options for us moving forward. I am comfortable with either one. We may find it easier to get them to agree to the 16% if we offer Option B. Please let us know your thoughts. We have a meeting with ACLR tomorrow morning at 10:30, so if we could get your input before then, that would be great. Thanks for your time.

#### OPTION A

##### PERIOD OF PERFORMANCE

The base period of the task order is from January 13, 2011 through December 31, 2013. The task order also includes two (2) 12-month options, plus a 12 ½ month option for purposes of appeals and payment.

Base Period	January 13, 2011 through December 31, 2013
Option Period 1	January 1, 2014 through December 31, 2014
Option Period 1 – Administrative and Appeals Option	January 1, 2015 through January 24, 2016
Option Period 2	January 1, 2015 through December 31, 2015
Option Period 2 - Administrative and Appeals Option	January 1, 2016 through January 24, 2017

Only one Administrative and Appeals Option will be exercised. The Administrative and Appeals option is for the purpose of the RAC to continue to work through the appeals process and for the RAC to receive payment of audit issues approved/processed during the option period. If Option Period 2 is NOT exercised, The Option Period 1-Administrative and Appeals Option will be exercised for the purpose of the RAC to work thru the appeals process and obtain its contingency fee on amounts recovered. If Option Period 2 is exercised, Option Period 2-Administrative and Appeals Option will be exercised.

The last date for the RAC to submit a New Audit Issue Review Package for each Option period is September 18<sup>th</sup>. This will allow the 104 day approval process to take place prior to the end of the option period.

#### OPTION B

##### PERIOD OF PERFORMANCE

The base period of the task order is from January 13, 2011 through December 31, 2013. The task order also includes four (4) 12-month options, plus a 12 ½ month option at the end of the contract for purposes of appeals and payment.

Description	Period of Performance
Base Period	January 13, 2011 through December 31, 2013
Option Period 1	January 1, 2014 through December 31, 2014
Option Period 2	January 1, 2015 through December 31, 2015
Option Period 3	January 1, 2016 through December 31, 2016
Option Period 4	January 1, 2017 through December 31, 2017
Administrative and Appeals Option*	January 1, 2018 through January 24, 2019

\*At the end the contract, an Administrative and Appeals Option will be exercised. Only one Administrative and Appeals Option will be exercised. The Administrative and Appeals option is for the purpose of the RAC to continue to work through the appeals process and for the RAC to receive payment of audit issues approved/processed during the option period.

For example, If Option Period 1 is exercised but Option Period 2 is not, the Administrative and Appeals option will be exercised for the period of 12 ½ months following the end of the option period (January 1, 2015 through January 24, 2016). If all four options are exercised, the Administrative and Appeals option will be exercised for the period of January 1, 2018 through January 24, 2019.

The last date for the RAC to submit a New Audit Issue Review Package for each Option period is September 18<sup>th</sup>. This will allow the 104 day approval process to take place prior to the end of the option period.

**From:** Simpson, Christine (HHS/OGC)  
**Sent:** Tuesday, December 17, 2013 11:18 AM  
**To:** Schultz, Theresa A. (CMS/OAGM)  
**Cc:** Hoey, Nicole E. (CMS/OAGM); Pierre, Jeffri (HHS/OGC)  
**Subject:** FW: RAC D  
**Importance:** High

Theresa,

[REDACTED]

[REDACTED]

[REDACTED]

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